



RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

January 3, 2010

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401



RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123C
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on January 27, 2010, at UEC's Weesatche Project, Goliad County. The Weesatche Project, Permit Number 123-C inspection report identifies the following issues that require your prompt attention:

- Site restoration of mud pits.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Schlingen".

Mark Schlingen, Manager
Inspection and Enforcement

MS/sdj
Enclosure



RAILROAD COMMISSION OF TEXAS SURFACE MINING AND RECLAMATION DIVISION URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123C
 Permittee: UEC County: Goliad
 Industry Representative(s) Present: James Gale
 Inspector: Steve Meadows Date of Inspection: January 27, 2010

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐
 Average Temperature 65 Soil Condition Damp Date Last Rainfall 1-20-10 Wind Direction/
 Velocity (Est.) Calm
 Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____
 Cessation Order Issued: No ☒ Yes ☐ CO No. _____



Steve Meadows

Inspector Signature

02/02/2010

Date

Wash Salinger 2/2/2010

Reviewing Supervisor Signature

Date

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III. Comments – Inspection Narrative

- Document the area of the permit inspected
- Discuss observations made during the inspection
- Document the results of any field tests taken
- Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions
- Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action

No exploration drilling was found to be in progress at UEC Permit No. 123C during this inspection. Site restoration follow up on the Jacobs property was the focus of this inspection. The exploration boreholes in this area were completed in early 2008 and all boreholes have been previously inspected for compliance with the regulations and permit requirements. Examples of the site restorations as they appeared on 2-12-08 are seen in Photos 1-2. The same exploration area, as it appears currently, is documented in Photos 3-5. A few incidences of subsiding mud pits were noted as seen in Photos 6-8. No evidence of drilling cuttings on the surface was encountered. A backhoe is on location and UEC representative James Gale stated that the areas of concern would be dressed up and attended to as required. The majority of the exploration drilling locations are generally well done as documented in Photo 9-12 and will essentially be un-noticeable as re-vegetation advances with the spring season.

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VI. Photographs



Photo 1: Exploration area on Jacobs property as seen on 2-12-08 with site restorations visible.



Photo 2: Borehole 3.75-12 site restoration as seen on 2-12-08.

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VI. Photographs



Photo 3: Borehole 3.75-12 site restoration on 1-27-10.



Photo 4: Site restoration at Jacobs exploration drilling location.

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VI. Photographs



Photo 5: Jacobs drilling location site restoration on 1-27-10.



Photo 6: Mud pit subsidence at Jacobs exploration location.

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VI. Photographs



Photo 7: Subsidence at drilling location mud pit.



Photo 8: Drilling location site restoration with minor subsidence.

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VI. Photographs



Photo 9: Exploration borehole site restoration.



Photo 10: Jacobs drilling location.

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VI. Photographs



Photo 11: Exploration borehole site restoration.



Photo 12: Drilling location on UEC Permit No. 123C.